

The estimated cost of COVID-19: Federal government releases its fiscal snapshot

Due to the COVID-19 pandemic, the federal government did not release its 2020-21 budget on March 30 as scheduled. Instead, it opted to postpone the budget for a future date. To bridge the gap, it promised to offer a “fiscal snapshot” of the current economic impact of COVID-19.

That fiscal snapshot was released on July 8, 2020, and offers Canadians an overview of the fiscal spending that has occurred to date.

The following economic figures were provided by the government:

- A projected federal deficit of \$343.2 billion (originally forecast at \$34.4 billion, pre-COVID)
- Federal debt of \$1.2 trillion
- Federal debt-to-GDP ratio of 49.1% in 2020-21 (31.1% in 2019-20)

The fiscal snapshot also included average private sector forecasts.



Gross domestic product growth (GDP)

2020 ↓ -6.8%

2021 ↑ 5.5%



Unemployment rates

2020 → 9.8%

2021 → 7.8%

Additionally, it provided deeper fiscal insight into some of the key federal government measures implemented to address COVID-19.



Estimated costs of key government measures

Measure	Description	Estimated budget*	Fiscal snapshot details
Canada Emergency Wage Subsidy	Provides a subsidy of up to 75% of eligible payroll costs (max. \$847 per week, per employee).	\$56 billion¹	<ul style="list-style-type: none"> • Approx. \$50 billion in additional funding
Canada Emergency Business Account (CEBA)	Provides an interest-free loan up to \$40,000 (25% of which is forgivable) to not-for profits and small businesses.	\$9.335 billion	<ul style="list-style-type: none"> • 688,000 applicants approved • \$27.41 billion in funds disbursed²
Canada Emergency Commercial Rent Assistance	Offers forgivable loans to eligible commercial property owners for the months April to July. The program is intended to reduce the rent by 75% for small businesses impacted by COVID-19.	\$520 million³	<ul style="list-style-type: none"> • Applications for over 29,000 small businesses approved • Over \$221 million in funding provided⁴
Canada Emergency Response Benefit	Provides a taxable benefit of \$500 per week (up to 24 weeks) for eligible workers.	\$71.3 billion⁵	<ul style="list-style-type: none"> • 8.16 million unique applicants • \$53.53 billion in benefits paid⁶
Temporary Wage Subsidy	Eligible employers can reduce income tax remittances by 10%, up to a maximum of \$1,375 per employee. An employer can save a maximum of \$25,000.	\$844 million	
Work Sharing Program	Previous requirements have been temporarily relaxed. Changes include: extending the maximum duration, waiving mandatory cooling off period and expanding eligibility.	\$125 million	
Canada Emergency Student Benefit	From May 2020 to August 2020, provides \$1,250/month to qualifying students or \$2,000/month to eligible students with dependents or disabilities.	\$5.886 billion⁷	<ul style="list-style-type: none"> • 601,356 unique applicants • \$1.42 billion in benefits paid⁸

*(based on Parliamentary Budget Officer costing)

We're here to help

While a new date for the federal budget has yet to be released, we'll be sure to inform you when it is. In the meantime, if you have questions about the fiscal snapshot—or if you'd like to learn more about some of the federal programs mentioned above—please contact your [Grant Thornton advisor](#).

- 1 \$82.3 billion for 2020-21, per Fiscal Snapshot. Much higher due to additional funding set aside for extension to program.
- 2 As of July 3, 2020.
- 3 Up to \$2.97 billion for 2020-21, per Fiscal Snapshot. PBO figure of \$520 million does not include extension to July 2020.
- 4 As of July 3, 2020.
- 5 \$80 billion for 2020-21, per Fiscal Snapshot.
- 6 As of June 28, 2020, per Service Canada and the Canada Revenue Agency.
- 7 \$5.25 billion for 2020-21, per Fiscal Snapshot.
- 8 As of July 2, 2020.

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